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**APR 29 1997**

IN REPLY  
REFER TO **AQOG**

**MEMORANDUM FOR COMMANDERS, DEFENSE CONTRACT MANAGEMENT  
DISTRICTS**

**SUBJECT: DCMC Memorandum 97-001 Contractor Purchasing System Reviews  
(CPSRs) (INFORMATION )**

This is an INFORMATION memorandum. Target audience: All DCMC employees.

The purpose of this memorandum is to provide an updated status report on the CPSR process. A major effort has been on-going during the last 2 years to change the CPSR process from a time and dollar driven process into one based on risk assessment. A large number of individuals have helped in this effort and we want to particularly recognize the members of the CPSR Process Action Team. The improvements in the CPSR process have helped DCMC provide better support to our customers. Evidence of this improvement is the increase in non-Department of Defense activities which have requested DCMC performance of CPSRs for them. The latest outside effort involves a request from the Environmental Protection Agency to take over their CPSR workload.

A number of specific policy and procedures changes have been made in the CPSR process including:

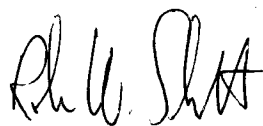
- a. CPSR reviews conducted only when risk assessments determine a need
- b. Maximum use made of existing Contractor/Government data
- c. Non-value aspects of CPSRs and duplications eliminated
- d. Contractors encouraged to use Best Value procedures to select subcontractors
- e. The tailoring of all CPSR reviews based on risk assessments
- f. The use of summary report format for CPSR reports

Changes have been made to the Federal Acquisition Regulation (FAR) and Defense FAR Supplement (DFARS) to support the concept of risk assessment procedures for CPSRs, including:

- a. Raising the threshold for CPSRs from \$10 to \$25 Million

- b. Changing the requirement for a CPSR from at least every 3 years to a risk assessment every 3 years to determine if a CPSR is needed
- c. Elimination of consideration of sales of commercial items pursuant to Part 12 of the FAR in determining if contractor meets threshold requirements
- d. The exclusion from CPSR reviews of all subcontracts awarded by the contractor exclusively in support of Government contracts awarded to the contractor using sealed bid procedures or for commercial items pursuant to Part 12 of the FAR
- e. Elimination of requirement for annual certification by the Contracting Officer
- f. Elimination of Appendix C of the DFARS which had outdated instructions not based on risk assessments.

To assist personnel involved with CPSRs, the revised CPSR One Book chapter and a CPSR Guide have been posted on the DCMC Homepage. The One Book Chapter is located under Reference Information, PART VII Chapter 4 (CPSRs). The CPSR Guide is located under Teams, Product & Manufacturing Assurance (AQOG). The full and active implementation of these new CPSR procedures by all DCMC personnel is essential to the continued success of this critical DCMC program. Your assistance in this effort is greatly appreciated and will help ensure DCMC maintains its reputation for professional contract administration support. Questions concerning this memorandum may be referred to Mr. Ron O'Daniell, Product & Manufacturing Assurance Team (AQOG), at (703)767-3365.



*for* JILL E. PETTIBONE  
Executive Director  
Contract Management Policy